

ESTIMATED COST OF 1% RATE INCREASE FISCAL YEAR 2008-09

SERVICE CATEGORY	ESTIMATE WITHOUT RATE INCREASE	ADJUSTMENT FACTOR (1)	FULL YEAR COST FOR EACH 1% RATE INCREASE		ASSUMING AUG. 2008 IMPLEMENTATION			
			TOTAL	STATE	11 MONTH ADJUSTMENT	PAYMENT LAG (2)	LAGGED COST FOR EACH 1% RATE INCREASE	
							TOTAL	STATE
PHYSICIANS	\$1,159,280,660	0.9660	\$11,198,650	\$5,514,690	0.9167	0.7995	\$8,207,190	\$4,041,570
OTHER MEDICAL	\$1,734,129,560	0.9760	\$16,925,100	\$8,601,490	0.9167	0.8272	\$12,834,230	\$6,522,470
COUNTY OUTPATIENT	\$109,647,590	0.9600	\$1,052,620	\$377,020	0.9167	0.7865	\$758,930	\$271,830
COMMUNITY OUTPATIENT	\$499,420,530	0.9100	\$4,544,730	\$2,176,330	0.9167	0.7994	\$3,330,390	\$1,594,820
PHARMACY	\$1,715,734,850	0.0793	\$1,361,260	\$718,530	0.9167	0.9337	\$1,165,100	\$614,980
COUNTY INPATIENT	\$714,966,560	1.0000	N/A	N/A	0.9167	0.6108	N/A	N/A
COMMUNITY INPATIENT	\$3,909,471,030	1.0000	N/A	N/A	0.9167	0.7569	N/A	N/A
NURSING FACILITIES	\$3,905,834,410	1.1578	\$45,221,360	\$22,828,260	0.9167	0.8630	\$35,775,910	\$18,060,090
ICF-DD	\$417,764,960	1.1578	\$4,836,840	\$2,427,640	0.9167	0.9157	\$4,060,210	\$2,037,840
MEDICAL TRANSPORTATION	\$131,250,910	0.9660	\$1,267,880	\$681,820	0.9167	0.8336	\$968,810	\$520,990
OTHER SERVICES	\$1,075,925,990	0.9540	\$10,264,330	\$4,389,670	0.9167	0.8214	\$7,729,000	\$3,305,400
HOME HEALTH	\$160,746,670	0.9800	\$1,575,320	\$791,740	0.9167	0.8065	\$1,164,680	\$585,350
DENTAL	\$314,470,790	0.9990	\$3,141,560	\$1,667,110	0.9167	1.0000	\$2,879,770	\$1,528,180
MENTAL HEALTH	\$1,298,766,000	1.0000	N/A	N/A	0.9167	1.0000	N/A	N/A
TWO PLAN MODEL	\$3,112,480,870	1.0000	\$31,124,810	\$15,621,840	0.9167	1.0000	\$28,531,070	\$14,320,020
COUNTY ORGANIZED HEALTH SYSTEMS	\$1,819,070,900	1.0000	\$18,190,710	\$9,137,530	0.9167	1.0000	\$16,674,820	\$8,376,070
GEOGRAPHIC MANAGED CARE	\$457,987,250	1.0000	\$4,579,870	\$2,287,820	0.9167	1.0000	\$4,198,220	\$2,097,170
PHP & OTHER MANAG. CARE	\$316,478,360	1.0000	\$3,164,780	\$1,597,960	0.9167	1.0000	\$2,901,050	\$1,464,790
AUDITS/ LAWSUITS	\$2,865,000	1.0000	N/A	N/A	0.9167	1.0000	N/A	N/A
EPSDT SCREENS	\$50,940,890	1.0000	\$509,410	\$251,950	0.9167	1.0000	\$466,960	\$230,950
MEDICARE PAYMENTS (4)	\$3,268,024,000	1.0000	N/A	N/A	0.9167	1.0000	N/A	N/A
STATE HOSP./DEVELOPMENTAL CNTRS.	\$247,612,000	0.9782	\$2,422,120	\$0	0.9167	1.0000	\$2,220,270	\$0
MISC. SERVICES	\$3,228,611,000	1.0000	\$32,286,110	\$135,320	0.9167	1.0000	\$29,595,600	\$124,040
RECOVERIES	-\$296,091,390	1.0000	N/A	N/A	0.9167	1.0000	N/A	N/A
TOTAL	\$29,355,389,390		\$193,667,470	\$79,206,710 (3)			\$163,462,190	\$65,696,580

- (1) Reflects adjustment for services not affected by rate increases due to Medicare crossover and unlisted procedures.
 Adjustment factor for Dental services due primarily to prior year reconciliations.
 Adjustment factor for SNF & ICF services compensates for the impact of shares of cost on average payments.
 Adjustment factor for Pharmacy includes an adjustment for the dispensing fee only.

(2) Reflects adjustment for the lag between actual rendering of service and payment for that service.

(3) Excludes service categories noted above with N/A and all policy changes excluded from Cost/Eligible report.

(4) Medicare Payments cost increase included as base adjustment.